



House of Representatives

General Assembly

File No. 488

February Session, 2004

Substitute House Bill No. 5580

House of Representatives, April 6, 2004

The Committee on Finance, Revenue and Bonding reported through REP. STILLMAN of the 38th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING INTERDISTRICT PROGRAM INCENTIVES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (k) of section 10-266aa of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2005*):

4 (k) On or before October fifteenth of each year, the Commissioner of
5 Education shall determine if the enrollment in the program pursuant
6 to subsection (c) of this section for the fiscal year is below the number
7 of students for which funds were appropriated. If the commissioner
8 determines that the enrollment is below such number, the additional
9 funds shall not lapse but shall be used by the commissioner [in
10 accordance with this subsection. (1) Any amount up to three hundred
11 fifty thousand dollars of such nonlapsing funds shall be used for
12 supplemental grants to receiving districts on a pro rata basis for each
13 out-of-district student in the program pursuant to subsection (c) of this

14 section who attends the same school in the receiving district as at least
 15 nine other such out-of-district students, not to exceed one thousand
 16 dollars per student. (2) Any remaining nonlapsing funds shall be used
 17 for interdistrict cooperative grants pursuant to section 10-74d] in such
 18 manner as to encourage receiving districts to accept more students
 19 from sending districts.

20 Sec. 2. Subsection (g) of section 10-285a of the general statutes is
 21 repealed and the following is substituted in lieu thereof (*Effective July*
 22 *1, 2004*):

23 (g) The percentage determined pursuant to this section for a school
 24 building project grant [shall be increased by the percentage of the total
 25 projected enrollment of the school attributable to the number of spaces
 26 made available for out-of-district students participating in the program
 27 established pursuant to section 10-266aa, provided the maximum
 28 increase shall not exceed ten percentage points] for a school in a
 29 district that was a receiving district in the programs established
 30 pursuant to section 10-266aa, as amended, or section 10-266j, for ten
 31 years preceding the grant application for such project shall be
 32 increased one per cent for each year during such ten-year period that
 33 fifty or more students under such program attended a school in such
 34 district.

This act shall take effect as follows:	
Section 1	<i>July 1, 2005</i>
Sec. 2	<i>July 1, 2004</i>

ED Joint Favorable Subst. C/R

FIN

FIN Joint Favorable

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
Education, Dept.	GF - Cost	Significant	Significant

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 05 \$	FY 06 \$
Various Local and Regional School Districts	Revenue Gain	Significant	Significant
Various Local and Regional School Districts	Revenue Loss	Potential	Potential

Explanation

Section 1 of the bill results in a potential revenue gain to receiving districts in the OPEN Choice program that in turn would be a potential revenue loss to school districts participating in the Interdistrict Cooperation grant program. Currently any lapsing funds in the OPEN Choice grant are shared between receiving districts in the OPEN Choice program, up to \$350,000, while any lapsing funds greater than \$350,000 are provided to the Interdistrict Cooperation program participants. This bill would require that all potentially lapsing funds be provided to the receiving districts in the OPEN Choice program. It is currently estimated that no funds will lapse in the OPEN Choice program in FY 05.

Section 2 of the bill results in a potential significant cost to the state that is a potential significant revenue gain to less than ten local and regional school districts. The bill would provide as much as a 10% increase in state school construction cost sharing for participating districts in the OPEN Choice program. If the provision had been in place over the latest three fiscal years this would have increased state

costs/local revenue gains by approximately \$25.0 million. Since school construction projects are static in nature no exact impact can be determined for future fiscal years however it is anticipated that the costs/revenue gain would be significant in nature.

OLR Bill Analysis**sHB 5580*****AN ACT CONCERNING INTERDISTRICT PROGRAM INCENTIVES*****SUMMARY:**

This bill:

1. removes restrictions on reallocating excess state appropriations for the Open Choice interdistrict public school attendance program to school districts that receive students from other districts under the program, and
2. expands an existing school construction grant bonus for projects in districts that receive large numbers of out-of-district students under the Open Choice program or received them under its predecessor program, Project Concern.

EFFECTIVE DATE: July 1, 2005 for the funding reallocation provision; July 1, 2004 for the change in the school construction grant bonus.

REDISTRIBUTION OF EXCESS OPEN CHOICE APPROPRIATIONS

Receiving districts are eligible for a state grant of up to \$2,000 for each Open Choice student attending school in the district. The bill requires that, when the education commissioner determines, by October 15 annually, that the number of students actually enrolled in the Open Choice program is lower than the number for which per-student grants were appropriated, she use the excess funds to encourage receiving districts to accept more students.

Currently, the first \$350,000 of any excess funds must be used for additional per-student grants of up to \$1,000 to receiving districts that enroll at least 10 Open Choice students in one school, and any remainder must go to interdistrict cooperative programs.

SCHOOL CONSTRUCTION GRANT BONUS

By law, depending on their wealth, school districts receive state grants that reimburse from 20% to 80% of the eligible costs of their school

construction projects. Some types of projects are eligible for bonus reimbursements.

This bill gives a school district a one-percentage-point bonus on any school construction project for each year it enrolled 50 or more students under the Open Choice or Project Concern programs in the 10 years preceding the project grant application. It eliminates a current bonus equal to the percentage of the total projected enrollment of a project that is attributable to spaces for Open Choice students, up to a maximum bonus of 10 percentage points.

The bill's bonus applies to all construction projects in a qualifying receiving district, not just those in schools with spaces for Open Choice students.

BACKGROUND

Open Choice Program

Open Choice is an interdistrict public school program designed to improve academic achievement; reduce racial, ethnic, and economic isolation; and provide a choice of educational programs for public school students. It allows urban students to attend public schools in nearby suburban towns, and suburban and rural students to attend public schools in nearby urban areas on a space-available basis. School districts in Bridgeport, Hartford, New Haven, New London, and their surrounding areas must participate. Other priority school districts may accept racially, ethnically, and economically diverse transfers into, but not out of, their districts.

COMMITTEE ACTION

Education Committee

Joint Favorable Substitute Change of Reference

Yea 26 Nay 0

Finance, Revenue and Bonding Committee

Joint Favorable Report

Yea 27 Nay 15